UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

Distr.
RESTRICTED

DP/GC/MEX/R.1/RECOMMENDATION
30 March 1973

ORIGINAL: ENGLISH

GOVERNING COUNCIL
Sixteenth session
6-28 June 1973
Agenda item 3

COUNTRY AND INTERCOUNTRY PROGRAMMING

UNDP assistance requested by the Government of

MEXICO

Note by the Administrator

Programme period	IPF for period 1972-1976
1973-1977	$20 million

I. Nature of the programming exercise

1. The Office for International Technical Co-operation of the Secretariat of Foreign Affairs, in concert with the Secretariat of the Presidency and with the Council for Science and Technology, co-ordinated the formulation of Mexico's country programme. This exercise, which was initiated late in 1971 in the context of the Government's new strategy and activist approach to development, marks the first concerted effort by the Mexican Government to assess the technical assistance requirements of all sectors of the economy in a systematic way and set out a forward co-ordinated programme of proposed UNDP technical assistance in the light of this assessment.

2. The Resident Representative and his office were engaged in regular consultations on the programme with the Director of the Office of International Technical Co-operation, throughout the programming exercise and with UNDP headquarters assistance also supported the Government's efforts through preparation of a background paper which set out, inter alia, a sector-by-sector analysis of development requirements of the country and of possible areas for additional technical assistance activities.

EMBARGO:
NOT FOR PUBLICATION UNTIL FORMALLY APPROVED BY THE GOVERNING COUNCIL

/...

3. In addition to submitting briefs to the Resident Representative as a base for the preparation of the background paper, the specialized agencies, through their field representatives, participated, from the middle of 1971, in regular monthly meetings with the Resident Representative which focussed primarily on country programme issues. The Resident Representative consulted informally with the IDB, IBRD, and OAS on the country programme. With bilateral assistance confined to fellowships and cultural exchange programmes, the need for co-ordination with bilateral assistance agencies did not arise. However, in the course of formulating the country programme, the Mexican authorities commenced exploration of possible sources of bilateral assistance for activities which could not be accommodated by the country programme.

4. A UNDP headquarters mission in November participated in the finalization of the first draft of the country programme document. During the course of a visit to Mexico City in November 1972, the Assistant Administrator of the Regional Bureau for Latin America discussed issues relating to the country programme with interested members of the Administration.

II. Relation of the country programme to the development plan of the Government

5. The present Administration's decision to modify Mexico's development strategy is reflected in its policy to promote economic growth and, at the same time, distribute its benefits more equally through income redistribution. The Government has already put into effect a programme to accomplish this end.

6. Besides reduction of geographical, sectoral and personal income disequilibrium through the execution of programmes for regional development, industrial decentralization and improvement of living conditions in the rural areas, the Administration has identified the reorientation of Mexico's international trade and financing and the strengthening of its public finance and administration machinery as key elements in its development strategy.

7. In accordance with this strategy, technical co-operation is being sought to strengthen the Government's initiatives and programmes in the key development areas. More than 70 per cent of the IPF is to be dedicated to projects which the Government has selected for their potential to achieve sustained economic development within the framework of a redistributive income policy.

8. The need to re-orient Mexico's international trade and financing has been one of the present Government's main concerns. This is reflected in an impressive increase in UNDP resources assigned to export promotion on the one hand and to the identifying of investment opportunities for the production of capital goods in Mexico (presently a costly import item) on the other hand.

9. Modification of its development strategy made it necessary for the Government to assume a more active role in planning and implementation. Consequently, high priority has been given to the development of efficient planning machinery. At the national level, substantial technical co-operation is sought for a training programme for the planning and programming units established in every Secretariat of the Government. At the regional level, technical assistance is also requested for those agencies charged with promoting development plans and projects.

10. In outlining its strategy, the Government has identified specific bottlenecks that might hamper the realization of development goals. One of these is the insufficient national infrastructure in the field of science and technology. Accordingly, each of the large-scale projects designed to meet the country's needs in various sectors includes large components for the training of manpower, and for applied research most relevant to Mexico's development objectives.

III. Content of the country programme according to sectors and subsectors

11. The Mexican country programme is divided into eleven sectors:

Table 1

Sectoral breakdown of ongoing and new projects

Sector	Ongoing projects		New projects		Total	
	Value ($'000)	Per cent	Value ($'000)	Per cent	Value ($'000)	Per cent
Agriculture, forestry and fisheries	1 633.4	26	1 938.5	16	3 571.9	19
Industry	133.0	2	1 726.0	14	1 859.0	10
Education	1 023.4	16	30.0	30	1 053.4	6
Science and technology	732.9	11	2 690.1	22	3 423.0	18
Health and population	897.4	14	2 800.0	23	3 697.4	20
Manpower, management and employment	98.0	1	300.0	2	398.0	2
Social security	9.1	—	60.0	—	69.1	—
General social and economic policy and planning	623.3	10	1 907.0	15	2 530.3	13
International trade	—	—	979.3	8	979.3	5
Transport and communications	316.5	5	—	—	316.5	2
Natural resources	945.7	15			945.7	5
Total programmed	6 412.7	100	12 430.9	100	18 843.6	100

Table 2

Sectoral breakdown by size of project

Sector	Large-scale projects			Small-scale projects		
	No.	Value ($'000)	Per cent	No.	Value ($'000)	Per cent
Agriculture, forestry and fisheries	9	3 384.8	19	6	187.1	16
Industry	4	1 726.0	10	4	133.0	11
Education	3	843.6	5	8	209.8	17
Science and technology	3	3 364.7	19	5	58.2	5
Health and population	2	3 634.9	20	1	62.5	5
Manpower, management and employment	1	300.0	2	1	98.0	8
Social security	-	—	—	4	69.1	6
General social and economic policy and planning	3	2 282.2	13	16	248.1	20
International trade	1	979.3	6	-	—	—
Transport and communications	1	226.2	1	1	90.3	8
Natural resources	1	902.5	5	1	43.2	4
Total programmed	28	17 644.2	100	47	1 199.3	100

12. Both tables reflect the priorities the Government has outlined for its development strategy, while the respective project designs in each sector respond to the issues the Government has identified as essential for achieving its development goals.

13. New projects are to absorb 66 per cent of the committed IPF, while large-scale projects account for 94 per cent. This marks a dramatic shift away from the highly dispersed programme which had been sought and implemented in previous years. The majority of the ongoing activities are scheduled to be completed in 1973/1974.

14. Although a large amount of the IPF is dedicated to projects of an income redistributive nature, it is still noteworthy that 19 projects representing a UNDP contribution of $16.5 million during the programming period are directly related to $644.5 million in potential investment from domestic and external sources. The major share of this potential investment is concentrated in the sector of natural resources, followed by agriculture, while economic planning, social planning and the industry sector account for 10 per cent each.

15. In the country programme, the Government has assigned 29 per cent of the programmed funds to productive sectors, 13 per cent to economic and social planning, 5 per cent to international trade, while human resources command 46 per cent.

16. Regrettably, no substantial unprogrammed balance within the first four years of the programming period has been put aside in the country programme for reserve purposes. Although this point was brought on several occasions to the attention of the Mexico Government, it would seem that their identified programming requirements (see Table 3 of the country programme) which exceed the IPF by more than 50 per cent, made it difficult for the Government to programme otherwise. It is understood by UNDP, however, that in the process of designing and reviewing specific projects for approval, the Mexican Government will undertake to reduce the estimated amounts of UNDP inputs foreseen for certain projects so as to move forward and if possible increase the unprogrammed balance for reserve purposes, at the earliest possible date.

IV. Utilization of UNDP inputs over the programming period

Table 3

Phasing of UNDP inputs over the programming period (1973-1977)

Year	Estimated UNDP inputs ($'000)	Percentage of the planning figure (1973-1977) a/
1973	6 242.6	30
1974	4 815.9	23
1975	3 288.2	16
976	2 321.9	11
1977	2 175.0	11
Unprogrammed balance	1 862.2	9
Total UNDP inputs in programming period	20 705.8	100
Reserve projects	11 372.0	

a/ The adjusted planning figure for 1973-1977 is calculated as follows: IPF 1972-76 minus commitments programmed for expenditure in 1972, plus one-fifth of the IPF. In the case of Mexico, the figures are as follows: IPF $20 million, minus commitments programmed for expenditure in 1972 of $3,294,200, plus $4,000,000 representing one-fifth of the IPF equals the adjusted planning figure of $20,705,800.

17. The present Administration considers that most of the projects included in the present country programme should be completed or almost completed during its term of office in order to enable the new Administration to design a technical co-operation programme consistent with its own strategy and development priorities. The concentration of the unprogrammed reserve in 1977 is intended to provide the new Administration with adequate funds at that time to permit the completion or strengthening of existing projects and to maintain sufficient programming flexibility to initiate new activities while preparing the next country programme consistent with its own development policy.

V. Recommendations of the Administrator

18. In the light of the views expressed above, the Administrator recommends that the Governing Council:

(a) Approve the proposed UNDP country programme for Mexico within the limit of its approved indicative planning figure and for the duration of its programme period. Until such time as indicative planning figures are established to cover 1977 and subsequent years, the Administrator will proceed with approval action in a manner which will ensure that expenditures during the period 1972-1976 do not exceed the currently established indicative planning figure for that period; and

(b) Authorize the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the country programme, and calling for planned expenditures which may be contained within the approved indicative planning figure and the financial resources currently available at any given time.